

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other				Local Government Name		County	
Audit Date		Opinion Date		Date Accountant Report Submitted to State:			

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☐ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☐ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☐ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☐ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☐ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☐ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☐ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☐ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			
Reports on individual federal financial assistance programs (program audits).			
Single Audit Reports (ASLGU).			

Certified Public Accountant (Firm Name)				
Street Address		City	State	ZIP Code
Accountant Signature <i>Siegfried Crandall P.C.</i>			Date	

Township of Port Sheldon
Ottawa County, Michigan
FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
Year ended March 31, 2006

CONTENTS

	<i>Page</i>
MANAGEMENT'S DISCUSSION AND ANALYSIS	i - viii
INDEPENDENT AUDITORS' REPORT	3 - 4
BASIC FINANCIAL STATEMENTS	
Government-wide financial statements:	
Statement of net assets	5
Statement of activities	6
Fund financial statements:	
Balance sheet - governmental funds	7
Statement of revenues, expenditures, and changes in fund balances - governmental funds	8 - 9
Statement of net assets - proprietary fund	10
Statement of revenues, expenses, and changes in net assets - proprietary fund	11
Statement of cash flows - proprietary fund	12
Statement of fiduciary net assets - Agency Fund	13
Notes to financial statements	14 - 22
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary comparison schedules:	
General Fund	23 - 24
Fire Fund	25

MANAGEMENT'S DISCUSSION AND ANALYSIS

Township of Port Sheldon
MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the Township of Port Sheldon, Michigan's (the Township), financial performance provides a narrative overview of the Township's financial activities for the fiscal year ended March 31, 2006. Please read it in conjunction with the Township's financial statements.

FINANCIAL HIGHLIGHTS

- The Township's total net assets increased by \$182,072 (6 percent) as a result of this year's activities. Net assets of the governmental and business-type activities increased by \$177,247 and \$4,825, respectively.
- Of the \$3,360,890 total net assets reported, \$439,164 is restricted for various purposes and \$661,879 (20 percent) is unrestricted, or available to be used at the Board's discretion.
- The General Fund's unreserved, undesignated fund balance at the end of the fiscal year was \$634,123, which represents 79 percent of the actual total General Fund expenditures for the current fiscal year.

Overview of the financial statements

The Township's basic financial statements are comprised of three parts: management's discussion and analysis, the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the Township:

- The first two statements are government-wide financial statements that provide both long-term and short-term information about the Township's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the Township, reporting the Township's operations in more detail than the government-wide financial statements.
 - Governmental fund statements tell how general government services, like public safety, were financed in the short-term as well as what remains for future spending.
 - Proprietary fund statements offer short- and long-term financial information about the activities the government operates like a business, such as the water system.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The financial statements are followed by a section of required supplementary information that further explains and supports the information in the financial statements.

A comparative analysis of the basic financial statements for 2006 and 2005 is also presented.

Township of Port Sheldon
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Government-wide financial statements

The government-wide financial statements report information about the Township as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the Township's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities, regardless of when cash is received or paid.

The two government-wide statements report the Township's net assets and how they have changed. Net assets (the difference between the Township's assets and liabilities) are one way to measure the Township's financial health or position.

- Over time, increases or decreases in the Township's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the Township, you need to consider additional nonfinancial factors such as changes in the Township's property tax base and the condition of the Township's capital assets.

The government-wide financial statements are divided into two categories:

- *Governmental activities* - Most of the Township's basic services are included here, such as fire protection and general government. Property taxes and state shared revenue finance most of these activities.
- *Business-type activities* - The Township charges fees to customers to help it cover the costs of certain services it provides. The Township's water system is reported here.

Fund financial statements

The fund financial statements provide more detailed information about the Township's most significant funds, not the Township as a whole. Funds are accounting devices that the Township uses to keep track of specific sources of funding and spending for particular purposes.

- Some funds are required by state law and by bond agreements.
- The Township Board establishes other funds to show that it is properly using certain taxes and other revenues (like the public safety millage).

The Township has three kinds of funds:

- *Governmental funds*. Most of the Township's basic services are included in governmental funds, which focus on (1) how cash and other financial assets that can be readily converted to cash, flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, we provide additional information at the bottom of the governmental funds statements that explain the relationship between them.

Township of Port Sheldon
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Fund financial statements (Continued)

- *Proprietary funds.* Services for which the Township charges customers a fee are generally reported in proprietary funds. Proprietary funds statements, like the government-wide statements, provide both long-and short-term financial information. In fact, the Township's enterprise fund i(one type of proprietary fund) is the same as its business-type activity, but provide more detail and additional information, such as cash flows.
- *Fiduciary funds.* Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the Township's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

FINANCIAL ANALYSIS OF THE TOWNSHIP AS A WHOLE

Net assets. Total net assets at the end of the fiscal year were \$3,360,890, an increase of 6 percent compared to the prior year. Of this total, \$2,259,847 is invested in capital assets and \$439,164 is restricted for various purposes. Consequently, unrestricted net assets were \$634,123, or 20 percent of the total. While the Township reports unrestricted net assets under both governmental and business-type activities, the unrestricted net assets of the business-type activities cannot be used to make up any net asset deficit in governmental activities.

Condensed financial information
Net Assets

	<i>Governmental activities</i>		<i>Business-type activities</i>		<i>Totals</i>	
	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>	<u>2006</u>
Current and other assets	\$ 1,671,992	\$ 1,840,422	\$ 22,931	\$ 27,756	\$ 1,694,923	\$ 1,868,178
Capital assets	<u>3,481,889</u>	<u>3,509,847</u>	-	-	<u>3,481,889</u>	<u>3,509,847</u>
Total assets	<u>5,153,881</u>	<u>5,350,269</u>	<u>22,931</u>	<u>27,756</u>	<u>5,176,812</u>	<u>5,378,025</u>
Long-term debt outstanding	1,313,000	1,250,000	-	-	1,313,000	1,250,000
Other liabilities	<u>684,994</u>	<u>767,135</u>	-	-	<u>684,994</u>	<u>767,135</u>
Total liabilities	<u>1,997,994</u>	<u>2,017,135</u>	<u>-</u>	<u>-</u>	<u>1,997,994</u>	<u>2,017,135</u>
Net assets:						
Invested in capital assets, net of related debt	2,168,889	2,259,847	-	-	2,168,889	2,259,847
Restricted	478,892	439,164	-	-	478,892	439,164
Unrestricted	<u>508,106</u>	<u>634,123</u>	<u>22,931</u>	<u>27,756</u>	<u>531,037</u>	<u>661,879</u>
Total net assets	<u>\$ 3,155,887</u>	<u>\$ 3,333,134</u>	<u>\$ 22,931</u>	<u>\$ 27,756</u>	<u>\$ 3,178,818</u>	<u>\$ 3,360,890</u>

Township of Port Sheldon
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Changes in net assets. The Township's total revenues for 2006 were \$1,177,903. Nearly 55 percent of the Township's revenues come from property taxes while state shared revenue accounts for 26 percent of the revenues. Charges for services account for 11 percent of the Township's revenues.

The total cost of all the Township's programs for 2006, covering a wide range of services, totaled \$995,831. Nearly 38 percent of the Township's costs relate to general government expenses and public safety (fire protection and building inspections) represents 24 percent of all costs.

Condensed financial information
Changes in net assets

	<i>Governmental activities</i>		<i>Business-type activities</i>		<i>Totals</i>	
	<i>2005</i>	<i>2006</i>	<i>2005</i>	<i>2006</i>	<i>2005</i>	<i>2006</i>
Program revenues:						
Charges for services	\$ 132,922	\$ 118,335	\$ 13,235	\$ 13,221	\$ 146,157	\$ 131,556
Operating grants and contributions	-	3,663	-	-	-	3,663
General revenues:						
Property taxes	641,590	643,254	-	-	641,590	643,254
State shared revenue	299,080	307,782	-	-	299,080	307,782
Interest income	34,169	61,797	159	364	34,328	62,161
Franchise fees	-	21,012	-	-	-	21,012
Other	108,527	8,475	-	-	108,527	8,475
Total revenues	1,216,288	1,164,318	13,394	13,585	1,229,682	1,177,903
Expenses:						
Legislative	4,000	4,399	-	-	4,000	4,399
General government	345,905	375,110	-	-	345,905	375,110
Public safety	204,131	239,832	-	-	204,131	239,832
Public works	198,256	158,594	-	-	198,256	158,594
Culture and recreation	128,795	81,353	-	-	128,795	81,353
Community and economic development	128,794	71,463	-	-	128,794	71,463
Interest on long-term debt	47,150	56,320	-	-	47,150	56,320
Water	-	-	10,013	8,760	10,013	8,760
Total expenses	1,057,031	987,071	10,013	8,760	1,067,044	995,831
Increase in net assets	\$ 159,257	\$ 177,247	\$ 3,381	\$ 4,825	\$ 162,638	\$ 182,072

Township of Port Sheldon
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Governmental activities

Governmental activities increased the Township's net assets by \$177,247 in 2006 compared to a \$159,257 increase in 2005. The primary reason for this increase was that general revenues, while stagnant, exceeded expenditures in each year.

The following table shows the costs of the Township's three largest programs, as well as the net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost shows the burden that was placed on the Township's taxpayers by each of these functions.

The total cost of all governmental activities was \$987,071.

However, the amount that our taxpayers paid for these activities through general revenues was \$865,073. Some of the cost was paid by:

- Those who directly benefited from the programs (\$118,335), or
- Other governments and individuals that subsidized certain programs with grants and contributions (\$3,663).

The Township paid for the \$865,073 "public benefit" portion with \$1,042,320 in general revenues including property taxes and other revenues, such as state shared revenue and interest income.

	<u>Total cost of services</u>	<u>Net cost of services</u>
General government	\$ 375,110	\$ 355,287
Public safety	239,832	175,059
Public works	158,594	154,931
Other	<u>213,535</u>	<u>179,796</u>
Totals	<u>\$ 987,071</u>	<u>\$ 865,073</u>

Business-type activities

Business-type activities increased the Township's net assets by \$4,825 in 2006 compared to a \$3,321 increase in 2005. Net assets increased each year because charges for services exceeded operating costs.

Township of Port Sheldon
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Governmental funds

As of March 31, 2006, the Township's governmental funds reported combined ending fund balances of \$724,369, an increase of \$131,728 compared to last year's balances.

The General Fund experienced an increase of \$123,552 primarily because revenues exceeded expenditures. Construction of a non-motorized pathway is planned for 2007. Preliminary estimates for this project exceed \$400,000. Funds have been set aside for this pathway including the General Fund increase experienced this year.

In addition, these other changes in fund balances should be noted:

- The fund balance of the Fire Fund increased by \$12,739. Property taxes levied covered expenditures.
- The fund balance of the Sewer District #1 Fund decreased by \$4,563 because debt service costs exceeded special assessment collections in the current year.

The General Fund is the chief operating fund of the Township. At the end of the fiscal year, unreserved fund balance was \$634,123, which represents 79 percent of the actual total General Fund expenditures for the current fiscal year. The fund balance of the General Fund represents 88 percent of the combined ending fund balances of the governmental funds.

General Fund budgetary highlights

The Township did not need to amend the General Fund budgeted expenditures during the year because actual expenditures were less than anticipated expenditures by \$571,623, in total.

Revenues were \$28,634 more than budgeted. Expenditures and transfers to other funds were \$576,623 less than the amounts appropriated, which resulted in a \$605,257 positive budget variance, and a \$123,552 increase in fund balance compared to a budgeted \$481,705 decrease. There were no significant negative variances in any of the General Fund functional expenditure classifications.

Capital assets and debt administration

Capital assets

The Township's investment in capital assets for its governmental and business-type activities as of March 31, 2006, amounts to \$3,509,847 (net of accumulated depreciation). This investment includes a broad range of assets including land, various infrastructure items, buildings, and equipment. The net increase in the Township's net investment in capital assets for the current fiscal year was \$27,958 or less than one percent.

Township of Port Sheldon
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Capital assets (continued)

	<i>Governmental activities</i>	<i>Business-type activities</i>	<i>Totals</i>
Land	\$ 236,443	\$ -	\$ 236,443
Buildings and improvements	1,134,975	-	1,134,975
Equipment	195,849	-	195,849
Vehicles	443,701	-	443,701
Infrastructure	1,498,879	-	1,498,879
Totals	\$ 3,509,847	\$ -	\$ 3,509,847

Major capital asset events during the current fiscal year included the development of infrastructure (pathways and shared road costs) with costs totaling \$116,977.

More detailed information about the Township's capital assets is presented in Note 5 of the basic financial statements.

Debt administration

At the end of the fiscal year, the Township had contracts payable outstanding in the amount of \$1,250,000, which represents a decrease of \$63,000, or 5 percent. All debt is backed by the full faith and credit of the Township.

More detailed information about the Township's noncurrent liabilities is presented in Note 6 of the basic financial statements.

Township of Port Sheldon
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Economic condition and outlook

The Township's budget for the next fiscal year projects property taxes, which is the largest single source of revenue, to increase slightly. State revenue sharing is also a significant source of revenue for the Township. While the Township no longer receives statutory state revenue sharing, constitutional state revenue sharing is projected to show a slight increase.

Expenditures are projected to increase in the next fiscal year. The largest single increase is projected in non-motorized pathway construction and maintenance. A new non-motorized pathway is planned with a preliminary cost estimate exceeding \$400,000 for construction. Maintenance of existing pathways, including resurfacing estimated at \$100,000, is also planned for the coming year. Funds that have been set aside in the previous three years, together with less road construction, make it possible to undertake these projects while maintaining strong fiscal health for the Township.

Water rates will be increasing for the Township-operated water system. Expenditures are projected to exceed revenues in the coming year due in part to a well maintenance program. This maintenance is necessary in order to maintain safe drinking water in the future.

Contacting the Township's financial management

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Township's finances and to demonstrate the Township's accountability for the resources it receives. Questions regarding any information provided in this report or requests for additional financial information should be addressed to:

Howard Baumann, Jr., Township Supervisor
Township of Port Sheldon
16201 Port Sheldon Street
West Olive, Michigan 49460

Phone: (616) 399-6121

INDEPENDENT AUDITORS' REPORT

**Board of Trustees
Township of Port Sheldon, Michigan**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township of Port Sheldon, Michigan, as of March 31, 2006, and for the year then ended, which collectively comprise the Township of Port Sheldon, Michigan's basic financial statements, as listed in the contents. These financial statements are the responsibility of the Township of Port Sheldon, Michigan's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Township of Port Sheldon, Michigan, as of March 31, 2006, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with U.S. generally accepted accounting principles.

As described in Note 14 to the financial statements, the Township recorded prior period adjustments in the government-wide and the fund basis statements to correct the method of accounting for certain assets and liabilities.

Board of Trustees
Township of Port Sheldon, Michigan
Page 2

The management's discussion and analysis and budgetary comparison schedules, as listed in the contents, are not required parts of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Sigfried Crandall P.C.

June 28, 2006

BASIC FINANCIAL STATEMENTS

Township of Port Sheldon
STATEMENT OF NET ASSETS

March 31, 2006

	<u>Governmental activities</u>	<u>Business-type activities</u>	<u>Totals</u>
ASSETS			
Current assets:			
Cash	\$ 1,381,231	\$ 27,756	\$ 1,408,987
Receivables	<u>145,273</u>	<u>-</u>	<u>145,273</u>
Total current assets	<u>1,526,504</u>	<u>27,756</u>	<u>1,554,260</u>
Noncurrent assets:			
Receivables	313,918	-	313,918
Capital assets, net of accumulated depreciation	<u>3,509,847</u>	<u>-</u>	<u>3,509,847</u>
Total noncurrent assets	<u>3,823,765</u>	<u>-</u>	<u>3,823,765</u>
Total assets	<u>5,350,269</u>	<u>27,756</u>	<u>5,378,025</u>
LIABILITIES			
Current liabilities:			
Payables	104,354	-	104,354
Deferred revenue	662,781	-	662,781
Contracts payable	<u>63,000</u>	<u>-</u>	<u>63,000</u>
Total current liabilities	830,135	-	830,135
Noncurrent liabilities - contracts payable	<u>1,187,000</u>	<u>-</u>	<u>1,187,000</u>
Total liabilities	<u>2,017,135</u>	<u>-</u>	<u>2,017,135</u>
NET ASSETS			
Invested in capital assets, net of related debt	2,259,847	-	2,259,847
Restricted for:			
Public safety	14,196	-	14,196
Debt service	424,968	-	424,968
Unrestricted	<u>634,123</u>	<u>27,756</u>	<u>661,879</u>
Total net assets	<u>\$ 3,333,134</u>	<u>\$ 27,756</u>	<u>\$ 3,360,890</u>

See notes to financial statements

Township of Port Sheldon
STATEMENT OF ACTIVITIES
Year ended March 31, 2006

Functions/Programs	<u>Expenses</u>	<u>Program revenues</u>	
		<u>Charges for services</u>	<u>Operating grants and contributions</u>
Governmental activities:			
Legislative	\$ 4,399	\$ -	\$ -
General government	375,110	19,823	-
Public safety	239,832	64,773	-
Public works	158,594	-	3,663
Community and economic development	71,463	12,645	-
Culture and recreation	81,353	-	-
Interest on long-term debt	56,320	21,094	-
Total governmental activities	987,071	118,335	3,663
Business-type activity - water	8,760	13,221	-
Totals	<u>\$ 995,831</u>	<u>\$ 131,556</u>	<u>\$ 3,663</u>

General revenues:
Property taxes
State shared revenue
Franchise fees
Interest income
Other

Total general revenues

Change in net assets

Net assets - beginning

Net assets - ending

Net (expenses) revenues and changes in net assets

<u>Governmental activities</u>	<u>Business-type activities</u>	<u>Totals</u>
\$ (4,399)		\$ (4,399)
(355,287)		(355,287)
(175,059)		(175,059)
(154,931)		(154,931)
(58,818)		(58,818)
(81,353)		(81,353)
(35,226)		(35,226)
(865,073)		(865,073)
-	\$ 4,461	4,461
(865,073)	4,461	(860,612)
643,254	-	643,254
307,782	-	307,782
21,012	-	21,012
61,797	364	62,161
8,475	-	8,475
1,042,320	364	1,042,684
177,247	4,825	182,072
3,155,887	22,931	3,178,818
\$ 3,333,134	\$ 27,756	\$ 3,360,890

See notes to the financial statements

Township of Port Sheldon
BALANCE SHEET - governmental funds
March 31, 2006

	Major funds				Total governmental funds
	General	Fire	Sewer District #1	Sewer District #2	
ASSETS					
Cash	\$1,089,060	\$205,784	\$ 50,968	\$ 35,419	\$ 1,381,231
Receivables	59,916	2,764	206,813	189,698	459,191
Total assets	\$1,148,976	\$208,548	\$ 257,781	\$ 225,117	\$ 1,840,422
LIABILITIES AND FUND BALANCES					
Liabilities:					
Payables	\$ 23,059	\$ 23,365	\$ -	\$ 57,930	\$ 104,354
Deferred revenue	491,794	170,987	181,731	167,187	1,011,699
Total liabilities	514,853	194,352	181,731	225,117	1,116,053
Fund balances:					
Reserved for debt service	-	-	76,050	-	76,050
Unreserved, undesignated	634,123	14,196	-	-	648,319
Total fund balances	634,123	14,196	76,050	-	724,369
Total liabilities and fund balances	\$1,148,976	\$208,548	\$ 257,781	\$ 225,117	\$ 1,840,422

Total fund balances - total governmental funds \$ 724,369

Amounts reported for *governmental activities* in the statement of net assets are different because:

Certain special assessments receivable are not available to pay for current period expenditures and, therefore, are deferred in the funds. 348,918

Capital assets used in *governmental activities* are not financial resources and, therefore, are not reported in the funds. 3,509,847

Long-term liabilities, including contracts payable, are not due and payable in the current period and, therefore, are not reported in the funds (1,250,000)

Net assets of *governmental activities* (page 5) \$ 3,333,134

See notes to financial statements

Township of Port Sheldon

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - governmental funds**

Year ended March 31, 2006

	Major funds				Total governmental funds
	General	Fire	Sewer District #1	Sewer District #2	
REVENUES					
Property taxes	\$ 477,914	\$ 165,340	\$ -	\$ -	\$ 643,254
Licenses and permits	85,499	-	-	-	85,499
State grants	311,445	-	-	-	311,445
Charges for services	26,420	-	-	-	26,420
Interest and rentals	58,734	3,673	2,120	1,870	66,397
Other	10,209	-	35,000	31,533	76,742
Total revenues	970,221	169,013	37,120	33,403	1,209,757
EXPENDITURES					
Legislative	4,399	-	-	-	4,399
General government	332,619	-	766	-	333,385
Public safety	23,516	151,092	-	-	174,608
Public works	237,309	-	-	-	237,309
Community and economic development	71,463	-	-	-	71,463
Culture and recreation	56,593	-	-	-	56,593
Capital outlay	75,770	5,182	-	-	80,952
Debt service:					
Principal	-	-	40,000	23,000	63,000
Interest	-	-	45,917	10,403	56,320
Total expenditures	801,669	156,274	86,683	33,403	1,078,029
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	168,552	12,739	(49,563)	-	131,728
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	45,000	-	45,000
Transfers out	(45,000)	-	-	-	(45,000)
Total other financing sources (uses)	(45,000)	-	45,000	-	-
NET CHANGES IN FUND BALANCES	123,552	12,739	(4,563)	-	131,728
FUND BALANCES - BEGINNING	510,571	1,457	80,613	-	592,641
FUND BALANCES - ENDING	\$ 634,123	\$ 14,196	\$ 76,050	\$ -	\$ 724,369

See notes to financial statements

Township of Port Sheldon

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - governmental funds (Continued)**

Year ended March 31, 2006

Net change in fund balances - total governmental funds (page 8)	\$ 131,728
---	------------

Amounts reported for *governmental activities* in the statement of activities are different because:

Capital assets:

Assets acquired	167,265
Provision for depreciation	(139,307)

Repayment of principal on capital debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.	63,000
---	--------

Because some special assessments will not be collected until subsequent periods, they are not considered available revenues and are deferred in the governmental funds.

Deduct - decrease in deferred special assessment revenues	<u>(45,439)</u>
---	-----------------

Change in net assets of <i>governmental activities</i> (page 6)	<u>\$ 177,247</u>
---	-------------------

Township of Port Sheldon
STATEMENT OF NET ASSETS - *proprietary fund*
March 31, 2006

	<u>Water Fund</u>
ASSETS	
Current assets - cash	\$ 27,756
Noncurrent assets - capital assets, net of accumulated depreciation	<u>-</u>
Total assets	<u>27,756</u>
NET ASSETS	
Unrestricted	<u><u>\$ 27,756</u></u>

See notes to financial statements

Township of Port Sheldon

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
NET ASSETS - proprietary fund**

Year ended March 31, 2006

	<u>Water Fund</u>
OPERATING REVENUES	
Charges for services	\$ 13,221
OPERATING EXPENSES	
Operation and maintenance	8,760
Depreciation	-
	<hr/>
Total operating expenses	8,760
	<hr/>
OPERATING INCOME	4,461
NONOPERATING REVENUES	
Interest revenue	364
	<hr/>
CHANGE IN NET ASSETS	4,825
NET ASSETS - BEGINNING	22,931
	<hr/>
NET ASSETS - ENDING	\$ 27,756
	<hr/>

See notes to financial statements

Township of Port Sheldon
STATEMENT OF CASH FLOWS - proprietary fund
Year ended March 31, 2006

	<u>Water Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers and users	\$ 13,221
Payments to suppliers	(5,292)
Payments to employees	<u>(3,468)</u>
Net cash provided by operating activities	<u>4,461</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	<u>364</u>
NET INCREASE IN CASH	4,825
CASH - BEGINNING	<u>22,931</u>
CASH - ENDING	<u><u>\$ 27,756</u></u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 4,461
Adjustments to reconcile operating income to net cash provided by operating activities - depreciation expense	<u>-</u>
Net cash provided by operating activities	<u><u>\$ 4,461</u></u>

See notes to financial statements

Township of Port Sheldon

STATEMENT OF FIDUCIARY NET ASSETS - *Agency Fund*

March 31, 2006

ASSETS

Cash	\$ <u>28,089</u>
------	------------------

LIABILITIES

Payables	\$ <u>28,089</u>
----------	------------------

See notes to the financial statements

Township of Port Sheldon
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The accounting policies of the Township of Port Sheldon, Michigan (the Township), conform to U.S. generally accepted accounting principles (hereinafter referred to as generally accepted accounting principles) as applicable to governmental units. The following is a summary of the significant accounting policies.

a) Reporting entity:

The accompanying financial statements present only the Township. There are no component units, entities for which the Township is considered to be financially accountable.

b) Government-wide and fund financial statements:

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the Township. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental, proprietary, and fiduciary funds. Major individual governmental funds and the major enterprise fund are reported as separate columns in the fund financial statements.

c) Measurement focus, basis of accounting, and financial statement presentation:

The government-wide financial statements are reported using the economic resources, measurement focus, and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources, measurement focus, and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are expected to be collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Township of Port Sheldon
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

c) Measurement focus, basis of accounting, and financial statement presentation (continued):

State grants, licenses and permits, charges for services, and interest associated with the current fiscal year are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal year. All other revenue items are considered to be measurable and available only when cash is received by the Township.

The Township reports the following major governmental funds:

The General Fund is the Township's primary operating fund. It accounts for all financial resources of the Township, except those required to be accounted for in another fund. Revenues are primarily derived from property taxes and state shared revenue.

The Fire Fund accounts for the use of property tax revenues that are restricted for the financing of the costs of fire protection within the Township.

The Sewer District #1 Fund accounts for the funding and payment of principal and interest on debt associated with the Township's sewer system improvements in 2002.

The Sewer District #2 Fund accounts for the funding and payment of principal and interest on debt associated with the Township's wastewater treatment plant expansion project in 2002.

The Township reports the following major proprietary fund:

The Water Fund accounts for the activities of the Township's water supply system.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Township has elected not to follow subsequent private-sector standards.

Amounts reported as program revenues include: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Township of Port Sheldon
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

d) Assets, liabilities, and net assets or equity:

i) *Bank deposits* - Cash consists of cash on hand, demand deposits, and highly liquid short-term investments with original maturities of three months or less from the date of acquisition.

ii) *Receivables* - Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "due to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances." No allowance for uncollectible accounts has been recorded as the Township considers all receivables to be fully collectible.

iii) *Capital assets* - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., sewer systems, roads, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets other than infrastructure are defined by the Township as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Governments can elect to account for infrastructure assets of government activities either retroactively to June 15, 1980, or prospectively. The Township has elected to account for its infrastructure assets prospectively, beginning April 1, 2004.

Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	25 - 50 years
Equipment	5 - 20 years
Vehicles	20 years
Infrastructure	20 years

iv) *Fund equity* - In the fund financial statements, governmental funds report reservations of fund balances for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balances represent tentative management plans that are subject to change.

v) *Property tax revenue recognition* - Property taxes are levied as of December 1 on property values assessed as of December 31 of the prior year. The billings are due on or before February 14, after which time the bill becomes delinquent and penalties and interest may be assessed by the Township. Property tax revenue is recognized in the year for which taxes have been levied and become available. The Township levy date is December 1, and, accordingly, taxes have been deferred from recognition as revenue until the following year as the Board intends for this levy to finance the costs of the subsequent fiscal year.

Township of Port Sheldon
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:

Budgetary information - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the Township's general and special revenue funds. The budget document presents information by fund, function, department, and line-item. The legal level of budgetary control adopted by the governing body is the functional level. All annual appropriations lapse at the end of the fiscal year. The Township experienced no significant budget variances during the fiscal year.

NOTE 3 - CASH:

Cash, as presented in the accompanying financial statements, consists of the following:

	<u>Governmental activities</u>	<u>Business-type activities</u>	<u>Fiduciary</u>	<u>Total</u>
Deposits	\$ 1,381,231	\$ 27,756	\$ 28,089	\$ 1,437,076

Deposits with financial institutions:

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) and the Township's investment policy authorize the Township to make deposits in the accounts of federally-insured banks, credit unions, and savings and loan associations that have an office in Michigan. The Township's deposits are in accordance with statutory authority.

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, the Township will not be able to recover its deposits. Deposits are exposed to custodial credit risk if they are not covered by depository insurance and are uncollateralized. As of March 31, 2006, \$1,366,052 of the Township's bank balances of \$1,691,771 was exposed to custodial credit risk because it was uninsured.

The Township believes that it is impractical to insure all bank deposits due to the amounts of the deposits and the limits of FDIC insurance. As a result, the Township evaluates each financial institution with which it deposits funds and assesses the risk level of each institution. Only the institutions with an acceptable estimated risk level are used as depositories.

NOTE 4 - RECEIVABLES:

At March 31, 2006, the Township's receivables were as follows:

	<u>Property taxes</u>	<u>Accounts</u>	<u>Inter- governmental</u>	<u>Special assessments</u>	<u>Totals</u>
Governmental funds:					
General	\$ 8,710	\$ -	\$ 51,206	\$ -	\$ 59,916
Fire	2,764	-	-	-	2,764
Sewer District #1	-	-	25,082	181,731	206,813
Sewer District #2	-	-	22,511	167,187	189,698
Totals	\$ 11,474	\$ -	\$ 98,799	\$ 348,918	\$ 459,191
Noncurrent portion	\$ -	\$ -	\$ -	\$ 313,918	\$ 313,918

Township of Port Sheldon
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 4 - RECEIVABLES (Continued):

Governmental funds report deferred revenues in connection with revenues that are not considered to be available to liquidate liabilities of the current period. At the end of the current fiscal year, the various components of deferred revenues are as follows:

<u>Fund</u>	<u>Taxes unearned</u>	<u>Assessments unavailable</u>
General	\$ 491,794	\$ -
Fire	170,987	-
Sewer District #1	-	181,731
Sewer District #2	-	167,187
Totals	<u>\$ 662,781</u>	<u>\$ 348,918</u>

NOTE 5 - CAPITAL ASSETS:

Capital asset activity for the year ended March 31, 2006, was as follows:

	<u>Beginning balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending balance</u>
Governmental activities:				
Capital assets not being depreciated - land	<u>\$ 236,443</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 236,443</u>
Capital assets being depreciated:				
Buildings and improvements	1,466,861	43,498	-	1,510,359
Equipment	366,636	6,790	-	373,426
Vehicles	678,090	-	-	678,090
Pathways	-	23,221	-	23,221
Shared road costs	-	93,756	-	93,756
Shared sewer costs	<u>1,495,000</u>	<u>-</u>	<u>-</u>	<u>1,495,000</u>
Subtotal	<u>4,006,587</u>	<u>167,265</u>	<u>-</u>	<u>4,173,852</u>
Less accumulated depreciation for:				
Buildings and improvements	332,861	42,523	-	375,384
Equipment	152,845	24,732	-	177,577
Vehicles	200,685	33,704	-	234,389
Pathways	-	387	-	387
Shared road costs	-	586	-	586
Shared sewer costs	<u>74,750</u>	<u>37,375</u>	<u>-</u>	<u>112,125</u>
Subtotal	<u>761,141</u>	<u>139,307</u>	<u>-</u>	<u>900,448</u>
Total capital assets being depreciated, net	<u>3,245,446</u>	<u>27,958</u>	<u>-</u>	<u>3,273,404</u>
Governmental activities capital assets, net	<u>\$ 3,481,889</u>	<u>\$ 27,958</u>	<u>\$ -</u>	<u>\$ 3,509,847</u>

Township of Port Sheldon
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 5 - CAPITAL ASSETS (Continued):

Capital asset activity for the year ended March 31, 2006, was as follows:

	<u>Beginning balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending balance</u>
Business-type activities:				
Capital assets being depreciated - water system	\$ 107,671	\$ -	\$ -	\$ 107,671
Less accumulated depreciation	<u>107,671</u>	<u>-</u>	<u>-</u>	<u>107,671</u>
Total business-type activities capital assets, net	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Depreciation expense was charged to governmental activities as follows:

General government	\$ 41,725
Public safety	58,249
Public works	38,262
Culture and recreation	<u>1,071</u>
Total governmental activities	<u>\$ 139,307</u>

NOTE 6 - NONCURRENT LIABILITIES:

Noncurrent liabilities at March 31, 2006, consist of the following issues:

Governmental activities:

\$1,150,000 2002 Ottawa County sewage disposal contract payable (Port Sheldon sewer improvements) - payable in annual installments ranging from \$15,000 to \$90,000, plus interest at 3.0% to 5.0%; final payment due May 2022 \$ 1,020,000

\$345,000 2002 Ottawa County sewage disposal contract payable (treatment plant expansion) - payable in annual installments of \$23,000, plus interest at 2.50% to 4.55%; final payment due May 2017 230,000

 Total governmental activities \$ 1,250,000

Noncurrent liability activity for the year ended March 31, 2006, was as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Amounts due within one year</u>
Governmental activities:					
2002 contract payable #1	\$ 1,060,000	\$ -	\$ (40,000)	\$ 1,020,000	\$ 40,000
2002 contract payable #2	<u>253,000</u>	<u>-</u>	<u>(23,000)</u>	<u>230,000</u>	<u>23,000</u>
Total governmental activities	<u>\$ 1,313,000</u>	<u>\$ -</u>	<u>\$ (63,000)</u>	<u>\$ 1,250,000</u>	<u>\$ 63,000</u>

Township of Port Sheldon
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 6 - NONCURRENT LIABILITIES (Continued):

At March 31, 2006, debt service requirements were as follows:

<u>Year ended</u> <u>March 31,</u>	<u>Governmental activities</u>	
	<u>Principal</u>	<u>Interest</u>
2007	\$ 63,000	\$ 57,588
2008	68,000	55,015
2009	68,000	52,149
2010	73,000	49,213
2011	73,000	45,996
2012 - 2016	415,000	177,111
2017 - 2021	400,000	82,760
2022 - 2023	90,000	4,500
Totals	<u>\$ 1,250,000</u>	<u>\$ 524,332</u>

All debt is secured by the full faith and credit of the Township.

NOTE 7 - PAYABLES:

At March 31, 2006, the Township's payables were as follows:

	<u>Accounts</u>	<u>Payroll</u>	<u>Inter- governmental</u>	<u>Totals</u>
Governmental funds:				
General	\$ 23,059	\$ -	\$ -	\$ 23,059
Fire	3,365	20,000	-	23,365
Sewer District #2	-	-	57,930	57,930
Total governmental funds	<u>\$ 26,424</u>	<u>\$ 20,000</u>	<u>\$ 57,930</u>	<u>\$ 104,354</u>

NOTE 8 - DEFINED CONTRIBUTION PENSION PLAN:

The Township provides pension benefits for substantially all of its full-time employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. Michigan statutes assign the authority to establish and amend benefit provisions to the Township Board of Trustees. Employees are eligible to participate from the date of employment. The Township contributes 15% of each qualified employee's base salary to the plan and the contributions are fully vested immediately. The Township is not a trustee of the plan, nor is the Township responsible for investment management of plan assets.

The Township made required contributions of \$21,900 during the fiscal year ended March 31, 2006.

Township of Port Sheldon
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 9 - CLAIMS ARISING FROM RISKS OF LOSS:

The Township is exposed to various risks of loss to general liability, property and casualty, and workers' compensation. The risks of loss arising from general liability up to \$2,000,000, building contents, workers' compensation, and casualty are managed through purchased commercial insurance. Claims resulting from these risks have not exceeded insurance coverage in any of the past five fiscal years.

NOTE 10 - CONSTRUCTION CODE ACT:

A summary of construction code enforcement transactions for the year ended March 31, 2006, follows:

Revenues	\$ 59,051
Expenses	<u>(62,227)</u>
Deficiency of revenues over expenses	<u>\$ (3,176)</u>

NOTE 11 - INTERFUND TRANSFERS:

A summary of interfund transfers for the year ended March 31, 2006, is as follows:

<u>Fund</u>	<u>Transfer in</u>	<u>Fund</u>	<u>Transfer out</u>
Sewer District #1	\$ <u>45,000</u>	General	\$ <u>45,000</u>

The transfer to the Sewer Debt Service Fund represents unrestricted revenues collected in the General Fund that were used to pay debt service costs in accordance with budgetary requirements.

NOTE 12 - ECONOMIC DEPENDENCY:

The Township received approximately 67% of its property tax revenue from one taxpayer.

NOTE 13 - RELATED PARTY TRANSACTION:

The Township entered into a construction contract with an entity owned by a Township trustee. All associated costs, in the amount of \$32,909, were incurred during the current fiscal year.

Township of Port Sheldon
NOTES TO FINANCIAL STATEMENTS (Continued)

NOTE 14 - PRIOR PERIOD ADJUSTMENTS:

Prior period adjustments have been recorded in 2005 that resulted in a restatement of net assets. Net assets as of April 1, 2005, included in the government-wide financial statements, represent restated balances as presented below. The following schedule identifies the nature and amount of the adjustments recorded.

	<u>Net assets</u> <u>Governmental</u> <u>activities</u>
Beginning of year, as previously reported	\$ 2,309,276
Prior period adjustments:	
Understatement of intergovernmental receivable	47,550
Understatement of assessments receivable	394,357
Overstatement of prepaid expenses	(3,922)
Understatement of capital assets	1,322,728
Understatement of accrued payroll	(20,000)
Understatement of deferred revenue	(641,102)
Understatement of contracts payable	<u>(253,000)</u>
Beginning of year, as restated	<u>\$ 3,155,887</u>

Prior period adjustments have been recorded in 2005 that resulted in restatements of fund equity. Fund equity as of April 1, 2005, included in the fund statements, represents restated balances as presented below. The following schedule identifies the nature and amount of the adjustments recorded.

	<u>Fund balance</u>	
	<u>General</u>	<u>Fire</u>
Beginning of year, as previously reported	\$ 938,925	\$ 186,655
Prior period adjustments:		
Understatement of intergovernmental receivable	47,550	-
Understatement of accrued payroll	-	(20,000)
Understatement of deferred revenue	<u>(475,904)</u>	<u>(165,198)</u>
Beginning of year, as restated	<u>\$ 510,571</u>	<u>\$ 1,457</u>

REQUIRED SUPPLEMENTARY INFORMATION

Township of Port Sheldon**BUDGETARY COMPARISON SCHEDULE - General Fund**

Year ended March 31, 2006

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
REVENUES				
Property taxes	\$ 476,005	\$ 476,005	\$ 477,914	\$ 1,909
Licenses and permits	87,972	87,972	85,499	(2,473)
State grants	315,400	315,400	311,445	(3,955)
Charges for services	26,310	26,310	26,420	110
Interest and rentals	24,900	24,900	58,734	33,834
Other	11,000	11,000	10,209	(791)
Total revenues	<u>941,587</u>	<u>941,587</u>	<u>970,221</u>	<u>28,634</u>
EXPENDITURES				
Legislative	<u>5,346</u>	<u>5,346</u>	<u>4,399</u>	<u>947</u>
General government:				
Supervisor	48,579	48,579	55,288	(6,709)
Elections	5,000	5,000	68	4,932
Assessor	35,650	35,650	34,620	1,030
Clerk	45,213	45,213	39,349	5,864
Treasurer	34,179	34,179	31,580	2,599
Board of review	1,435	1,435	1,198	237
General administration	237,525	213,164	134,434	78,730
Hall and grounds	36,912	36,912	30,468	6,444
Cemetery	7,540	8,540	4,684	3,856
Other	1,000	1,516	930	586
Total general government	<u>453,033</u>	<u>430,188</u>	<u>332,619</u>	<u>97,569</u>
Public safety:				
Law enforcement	2,717	2,717	2,080	637
Construction code inspections	<u>27,500</u>	<u>27,700</u>	<u>21,436</u>	<u>6,264</u>
Total public safety	<u>30,217</u>	<u>30,417</u>	<u>23,516</u>	<u>6,901</u>
Public works:				
Pathways	476,874	476,874	124,257	352,617
Road construction and maintenance	105,000	105,000	32,904	72,096
Sanitation	65,000	66,800	66,045	755

Township of Port Sheldon**BUDGETARY COMPARISON SCHEDULE - General Fund (Continued)**

Year ended March 31, 2006

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
EXPENDITURES (Continued)				
Public works (continued):				
Street lighting	\$ 15,000	\$ 15,000	\$ 12,948	\$ 2,052
Drains	<u>1,000</u>	<u>2,001</u>	<u>1,155</u>	<u>846</u>
Total public works	<u>662,874</u>	<u>665,675</u>	<u>237,309</u>	<u>428,366</u>
Community and economic development - planning and zoning	<u>\$ 75,304</u>	<u>\$ 70,004</u>	<u>\$ 71,463</u>	<u>\$ (1,459)</u>
Culture and recreation - parks and recreation	<u>64,518</u>	<u>68,662</u>	<u>56,593</u>	<u>12,069</u>
Capital outlay	<u>82,000</u>	<u>103,000</u>	<u>75,770</u>	<u>27,230</u>
Total expenditures	<u>1,373,292</u>	<u>1,373,292</u>	<u>801,669</u>	<u>571,623</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(431,705)	(431,705)	168,552	600,257
OTHER FINANCING USES				
Transfer out - Sewer District #1 Fund	<u>(50,000)</u>	<u>(50,000)</u>	<u>(45,000)</u>	<u>5,000</u>
NET CHANGES IN FUND BALANCES	(481,705)	(481,705)	123,552	605,257
FUND BALANCES - BEGINNING	<u>510,571</u>	<u>510,571</u>	<u>510,571</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ 28,866</u>	<u>\$ 28,866</u>	<u>\$ 634,123</u>	<u>\$ 605,257</u>

Township of Port Sheldon
BUDGETARY COMPARISON SCHEDULE - Fire Fund
Year ended March 31, 2006

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
REVENUES				
Property taxes	\$ 165,190	\$ 165,190	\$ 165,340	\$ 150
Interest	<u>1,500</u>	<u>1,500</u>	<u>3,673</u>	<u>2,173</u>
Total revenues	<u>166,690</u>	<u>166,690</u>	<u>169,013</u>	<u>2,323</u>
EXPENDITURES				
Public safety	171,279	171,279	151,092	20,187
Capital outlay	<u>17,500</u>	<u>17,500</u>	<u>5,182</u>	<u>12,318</u>
Total expenditures	<u>188,779</u>	<u>188,779</u>	<u>156,274</u>	<u>32,505</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(22,089)	(22,089)	12,739	34,828
FUND BALANCES - BEGINNING	<u>1,457</u>	<u>1,457</u>	<u>1,457</u>	<u>-</u>
FUND BALANCES - ENDING	<u>\$ (20,632)</u>	<u>\$ (20,632)</u>	<u>\$ 14,196</u>	<u>\$ 34,828</u>